



The President's Daily Brief

August 21, 1975

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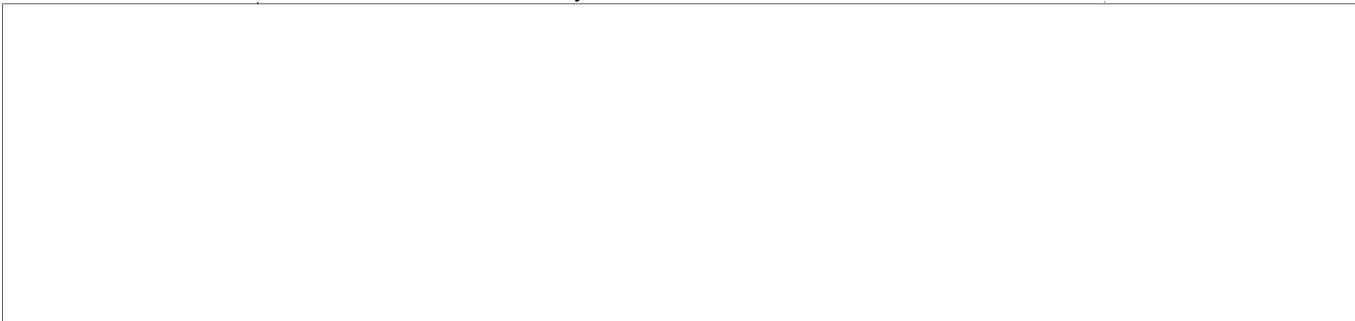
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FOR THE PRESIDENT ONLY

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Table of Contents

Portugal: President Costa Gomes yesterday touched off a wave of speculation that Prime Minister Goncalves is on his way out with a statement that the duration of the fifth provisional government "can be expressed in days."
(Page 1)

USSR: The Soviet Union is picking up additional grain in South America, Western Europe, and Australia now that the North American markets are temporarily closed to it. (Page 3)

Egypt-Libya: Egypt has taken some precautionary measures against the alleged possibility of an air attack by Libya. (Page 5)

Thailand: Civil unrest in Bangkok presents Thai Prime Minister Khukrit with his first serious political test since taking office five months ago. (Page 6)

Note: Portuguese Timor (Page 7)

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PORtUGAL

President Costa Gomes yesterday touched off a wave of speculation that Prime Minister Goncalves is on his way out with a statement that the duration of the fifth provisional government "can be expressed in days."

Costa Gomes--who made his remarks at a swearing-in ceremony for some second echelon government officials--may have been referring to an earlier statement that this government is transitional. In the current unstable atmosphere in Lisbon, however, his comments are being widely interpreted as giving substance to unconfirmed reports that Goncalves' opponents in the military had threatened a seizure of power by force if the pro-Communist Prime Minister were not removed within a week.

This ultimatum, according to press reports from Lisbon, was delivered to the President by Melo Antunes, the leader of the anti-Communist faction, who was accompanied by security chief Otelo de Carvalho as well as by the army and air force chiefs of staff and five other officers.

The move to oust Goncalves does appear to have received the support of Army Chief of Staff Fabiao. He is quoted as having said that the government headed by Goncalves is ineffective and has little chance of continuing to function. One unconfirmed press report alleges that Costa Gomes has mentioned his preference for Fabiao as a replacement for Goncalves thereby signaling his acceptance of the demand for the Prime Minister's ouster. Fabiao's reluctance to enter the power struggle until the last minute may in fact make him a good compromise choice who would be seen as having a chance to restore some unity to the fragmented armed forces.

Meanwhile, the failure of recent Communist efforts to recapture the political initiative may be prompting the party to put some distance between itself and the Prime Minister. Goncalves' opponents reportedly do not rule out Communist participation in a new government as long as it is in proportion to the party's limited popular support.

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After a wave of anti-Communist violence in the Azores, the military governor there has ordered several Communist leaders deported. A separatist organization similar to the one already active in the Azores has apparently now been established on Madeira and a series of anti-Communist incidents have been reported there.

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USSR

The Soviet Union is picking up additional grain in South America, Western Europe, and Australia now that the North American markets are temporarily closed to it.

New purchases have been confirmed for 250,000 tons of Australian wheat and 200,000 tons of Argentinian wheat.

Unconfirmed purchases have been reported for:

- 400,000 tons of French wheat;
- 300,000 tons of French barley;
- 500,000 tons of German wheat;
- 100,000 tons of Italian wheat and corn;
- 60,000 tons of Canadian rye (private sale);
- an unspecified amount of Brazilian corn.

Confirmed purchases since mid-July total 14.9 million tons, including 9.8 million tons from the US. If all the rumored purchases are confirmed, total purchases will rise to about 16.5 million tons. The Soviet Union apparently continues to search for available grain and has commissioned one US-based grain company "to corner" any non-US wheat, corn, and barley.

It is estimated that only about 5 million tons of grain are currently available from non-US sources. If Canada and the US choose not to sell more grain, the Soviets will have to make up more than half of their shortfall by importing soybeans as a grain substitute and taking such domestic measures as reducing feed rations and herds.

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Recent rains in most parts of the USSR have partially revived badly burned pasturelands and have brightened the outlook for such non-grain crops as potatoes, sugar beets, and sunflower seeds.

The improved weather will also serve to limit the earlier severe drought damage to forage crops, primarily hay, silage, and fodder roots. The prospects for Soviet purchases of non-grain commodities still are not clear, however. Moscow already has purchased 300,000 tons of sugar on the world market for delivery in fiscal 1976 and may have bought an additional 300,000 tons in recent weeks. The purchase of soybeans--a substitute for sunflower seeds--is less certain and will depend not only on soybean production, but also on the USSR's desire to stretch its livestock feed supplies.

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EGYPT-LIBYA

Egypt has taken some precautionary measures against the alleged possibility of an air attack by Libya.

A Libyan air force unit [redacted] was placed on alert on Monday with instructions to "attack President Sadat" upon receipt of orders from Tripoli. [redacted]

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On Tuesday night, the Egyptian naval base [redacted] [redacted] to go on maximum alert [redacted] because Libya reportedly intended to carry out an air strike. Yesterday, an Egyptian destroyer and two patrol craft [redacted] prepare to move to the Gulf of Sollum [redacted]

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We have no information to confirm [redacted] [redacted] that [redacted] President Qadhafi would consider such a reckless and foolhardy venture.

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THAILAND

Civil unrest in Bangkok presents Thai Prime Minister Khukrit with his first serious political test since taking office five months ago. Khukrit has decided against declaring a state of emergency for the time being, [redacted] fearing that such a step would provide the military an opportunity to interfere.

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In the most serious incident, policemen stormed and ransacked Khukrit's home to protest the government's release of student and farmer activists arrested last week. In another part of the city, radical university students engaged in armed encounters with vocational students.

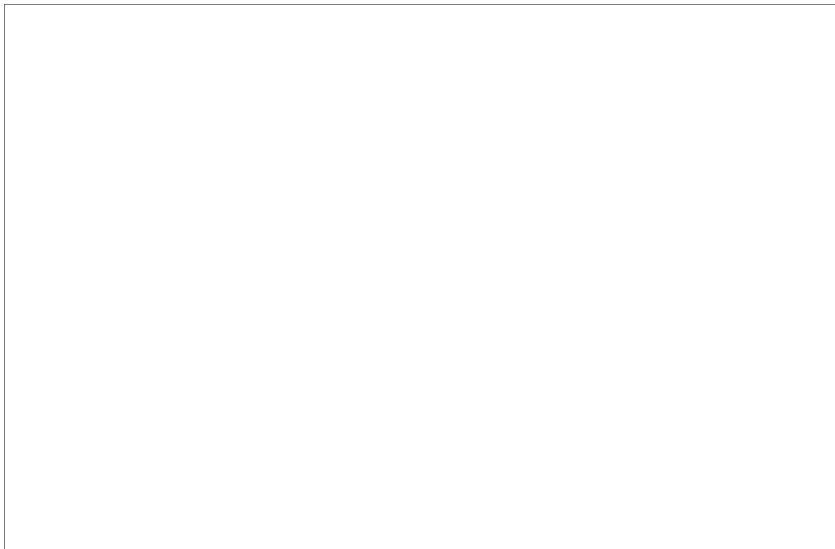
The police protests reflect the bitterness of conservative groups over the government's reluctance to rein in student dissidents. Military and other senior security officers have long maintained that civilian rule cannot provide Thailand with civil order and political stability.

Efforts to defuse the situation could easily backfire on Khukrit. A crackdown against the students would likely spark a new wave of student protests, whereas a move directed against the police would further alienate conservatives in both the government and the military. It is possible that the various protesters will themselves back off to prevent forcing the government's hand.

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